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19 NOV 1984

MEMORANDUM FOR: Director of Logistics

FROM:

  
Chief, Procurement Division, OL

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SUBJECT: Contract Administration and Settlement Branch

1. Per your direction on 7 November 1984, this memorandum presents the basic charter and staffing complement for a Contract Administration and Settlement Branch. Also presented are some of the basic procedural and organizational issues which are germane to the operation of the branch.

2. The basic objective of the branch is to create a working environment in which contract administrators and procurement agents can concentrate on the administration and settlement phases of the procurement process. In terms of contract administration, the primary focus will be on monitoring of contractor performance under bi-lateral contracts and a follow-up program for small purchases. With regard to small purchases, the Defense Contract Administrator Services (DCAS) initiates action when an item has not been received 12 days after the scheduled delivery date. We will try to match the DCAS performance in this area if at all possible. We also propose that the branch will also play a role in the settlement of contract actions.

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3. The staffing of the branch will include a combination of full-time (FT) and part-time (PT) employees. An organization chart of the branch, which includes a breakdown of the proposed grade levels for the full-time and part-time employees, is attached hereto. There are  full-time and  part-time positions.

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4. The two sections of the branch will function somewhat differently in their day-to-day activities. Certainly the Purchase Order Section will be handling by far the largest number of procurement actions for administration. The Contract Section will be administering fewer actions but their actions will be of larger dollar value and will generally be more complex in nature.

The grade level for the Purchase Order Section is lower than the Contract Section to reflect the less complex nature of the work.

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Personnel assigned to this Purchase Order Section will be interfacing daily with vendors regarding delinquent deliveries. They will be responsible for determining the status of line items which are two weeks overdue as listed in the CONIF Line Item Delinquency Report. (I am not sure if this is a realistic goal at this point because the delinquency rate is so high.) While the accuracy of the delinquency report is always important, it is critical to the operations of this section. Before contact is made with a vendor concerning late delivery, a check has to be made to see if in fact the item has been delivered and the receiving information has not been included in the CONIF/ICS systems. Requirement offices and the procuring branch will be kept informed of the actions taken by the section.

The Contract Section will be principally responsible for the monitoring of progress under bi-lateral contracts. The primary responsibility for the contract shall remain with the procuring branch. Close cooperation and coordination between personnel within the Contract Section and the procuring branches is required. Decisions to amend contract delivery dates and decisions to issue show cause letters, cure notices, and termination notices must emanate from the procuring branch. Routine communications with contractors regarding contract performance will be accomplished by personnel in the Contract Section. The procuring branch and requirements offices shall be kept informed of the activity under the contract and shall be provided with information copies of all correspondence.

5. The branch would also be responsible for implementing a Contractor Improvement Program structured along the same line as DCAS. The program will be geared towards identifying our worst offenders from a delivery viewpoint. Contractors will be advised that delivery schedules agreed to in the contract must be met. The branch will take the initiative to encourage our customers and procurement officers to identify other contractors, products or services which can meet the needs of the Agency. This program will undoubtedly provide the best approach in helping to solve our late delivery problems by encouraging competition.

6. In order to get the branch operational, the following actions must be completed.

- a. Identify the person who will head up the branch.  is our recommended candidate. The deputy branch chief should be a person with some DCAS experience.

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- b. Resolve the space problem. The branch personnel must have ready access to our file room.
- c. Ensure that the CONIF/ICS data base is as current and accurate as possible. Supply Division is looking at this issue in terms of receiving data.
- d. Create management information report format to support branch operations. The CONIF/ICS programming effort should be completed in the near future. STAT
- e. Develop operating procedures for the branch.
- f. Prepare position descriptions for branch personnel. Identify the  positions from Procurement Division and  positions from Supply Division to be transferred to the new branch. STAT
- g. Assign personnel to complete the staffing for the branch.

7. If you concur, you are requested to approve the basic strategy outlined herein and we will proceed to bring the branch into full operation as soon as possible.

Attachment:  
As stated

APPROVAL:

Director of Logistics

11/7/85  
Date

\* With the understanding there  
will be  FT positions until  
later

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